

Town of Maysville, Oklahoma

**Financial Statements and Report
of Independent Accountants**

**As of and For the Year Ending
June 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Maysville, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the Town of Maysville, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Maysville's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Maysville, as of June 30, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Maysville, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Maysville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Maysville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion & analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2023, on our consideration of the Town of Maysville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Maysville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Maysville's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
July 15, 2023

Town of Maysville
Statement of Net Position - Government-Wide - Modified Cash Basis
For the Year Ended June 30, 2022

ASSETS

	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash	161,512.23	34,380.20	195,892.43
Restricted Cash	628,126.16	97,652.67	725,778.83
Restricted Investments	92,043.08	41,036.85	133,079.93
Due from Other Funds	18,083.26	-	18,083.26
Total Current Assets	899,764.73	173,069.72	1,072,834.45
Non-Current Assets:			
Capital Assets, Net	422,345.86	2,244,547.96	2,666,893.82
Total Non-Current Assets	422,345.86	2,244,547.96	2,666,893.82
Total Assets	<u>\$ 1,322,110.59</u>	<u>\$ 2,417,617.68</u>	<u>\$ 3,739,728.27</u>

LIABILITIES

Current Liabilities:			
Due to Other Funds	-	18,083.26	18,083.26
Current Portion of Long-Term Debt	4,131.71	15,013.84	19,145.55
Meter Deposits	-	41,806.65	41,806.65
Total Current Liabilities	4,131.71	74,903.75	79,035.46
Non-Current Liabilities			
Notes Payable, Net of Current Portion	3,181.29	129,968.37	133,149.66
Total Liabilities	7,313.00	204,872.12	212,185.12

NET POSITION

Invested in Capital Assets, Net of Related Debt	415,032.86	2,099,565.75	2,514,598.61
Nonspendable	64,448.00		
Restricted	569,913.24	(10,236.02)	559,677.22
Assigned	93,200.71		
Unassigned	172,202.78	123,415.83	295,618.61
Total Net Position	1,314,797.59	2,212,745.56	3,527,543.15
Total Liabilities & Net Position	<u>\$ 1,322,110.59</u>	<u>\$ 2,417,617.68</u>	<u>\$ 3,739,728.27</u>

The accompanying notes are an integral part of these financial statements.

Town of Maysville
Statement of Activities - Government-Wide - Modified Cash Basis
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
General Government	197,072.55	22,384.61	136,454.18	(38,233.76)	-	(38,233.76)
Public Safety	522,497.02	303,061.39	76,093.09	(143,342.54)	-	(143,342.54)
Streets	98,060.89	-	-	(98,060.89)	-	(98,060.89)
Cemetery	6,560.71	10,851.67	-	4,290.96	-	4,290.96
Culture & Recreation	61,818.09	-	6,089.80	(55,728.29)	-	(55,728.29)
Total Governmental Activities	886,009.26	336,297.67	218,637.07	(331,074.52)	-	(331,074.52)
Business-Type Activities						
Water Department	382,883.49	311,387.25	-	-	(71,496.24)	-
Sewer Department	53,976.29	124,834.12	-	-	70,857.83	-
Solid Waste	82,649.37	120,952.22	-	-	38,302.85	-
Lake	4,082.73	4,466.25	-	-	383.52	-
Miscellaneous	266,697.08	10,580.85	111,521.83	-	(144,594.40)	-
Total Business-Type Activities	790,288.96	572,220.69	111,521.83	-	(106,546.44)	-
Total Primary Government	<u>\$ 1,676,298.22</u>	<u>\$ 908,518.36</u>	<u>\$ 330,158.90</u>	<u>\$ (331,074.52)</u>	<u>\$ (106,546.44)</u>	<u>\$ (331,074.52)</u>
General Revenues:						
Sales Taxes				347,092.47	-	347,092.47
Franchise Taxes				36,864.95	-	36,864.95
Other Taxes				38,300.83	-	38,300.83
Interest Income				331.35	-	331.35
Total General Revenues				422,589.60	-	422,589.60
Change In Net Position				91,515.08	(106,546.44)	(15,031.36)
Net Position, Beginning				1,223,282.51	2,319,292.00	3,542,574.51
Net Position, Ending				<u>\$ 1,314,797.59</u>	<u>\$ 2,212,745.56</u>	<u>\$ 3,527,543.15</u>

The accompanying notes are an integral part of these financial statements.

Town of Maysville
Balance Sheet - Governmental Funds - Modified Cash Basis
For the Year Ended June 30, 2022

	General Fund	Street	Cemetery	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	246,084.52	491,481.30	41,162.32	10,910.25	789,638.39
Investments	-	-	92,043.08	-	92,043.08
Due from Other Funds	18,083.26	-	-	-	18,083.26
Total Assets	<u>\$ 264,167.78</u>	<u>\$ 491,481.30</u>	<u>\$ 133,205.40</u>	<u>\$ 10,910.25</u>	<u>\$ 899,764.73</u>
Liabilities					
Current Portion of Long-Term Debt	4,131.71	-	-	-	4,131.71
FUND BALANCES					
Unassigned	168,071.07	-	-	-	168,071.07
Assigned	49,743.00	6,178.02	37,279.69	-	93,200.71
Restricted	42,222.00	485,303.28	31,477.71	10,910.25	569,913.24
Nonspendable	-	-	64,448.00	-	64,448.00
Total Fund Balances	<u>260,036.07</u>	<u>491,481.30</u>	<u>133,205.40</u>	<u>10,910.25</u>	<u>895,633.02</u>
Total Liabilities and Fund Balances	<u><u>\$ 264,167.78</u></u>	<u><u>\$ 491,481.30</u></u>	<u><u>\$ 133,205.40</u></u>	<u><u>\$ 10,910.25</u></u>	<u><u>\$ 899,764.73</u></u>

***Reconciliation of Total Governmental Fund Balance to Net Position
of Governmental Activities***

<i>Total Governmental Fund Balances</i>	895,633.02
<i>Amounts reported for governmenta activities in the statement of net position are different because:</i>	
<i>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</i>	422,345.86
<i>Long-Term debt reported on the government-wide basis is not reported on the fund financial statements.</i>	(3,181.29)
<i>Net Position of Governmental Activities</i>	<u><u>\$ 1,314,797.59</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Maysville
Statement of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds - Modified Cash Basis
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Street</u>	<u>Cemetery</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	324,666.91	65,051.41	-	32,539.93	422,258.25
Cemetery Lot Sales		-	10,416.67	-	10,416.67
Charges for Services	49,520.56	-	-	-	49,520.56
Fines & Forfeitures	253,540.83	-	-	-	253,540.83
Donations & Grants	212,547.27	-	-	6,089.80	218,637.07
Interest	-	233.81	-	-	233.81
Other	14,651.31	-	532.54	7,733.30	22,917.15
Total Revenues	<u>854,926.88</u>	<u>65,285.22</u>	<u>10,949.21</u>	<u>46,363.03</u>	<u>977,524.34</u>
Expenditures:					
General Government	155,175.55	-	-	-	155,175.55
Fire/Emergency Services	314,161.49	-	-	-	314,161.49
Police Department	208,335.53	-	-	-	208,335.53
Streets	84,641.96	13,418.93	-	-	98,060.89
Cemetery	-	-	6,560.71	-	6,560.71
Recreation	1,544.87	-	-	-	1,544.87
Library	-	-	-	60,273.22	60,273.22
Debt Service - Principal	3,989.00	-	-	-	3,989.00
Capital Outlay	23,900.00	-	-	-	23,900.00
Total Expenditures	<u>791,748.40</u>	<u>13,418.93</u>	<u>6,560.71</u>	<u>60,273.22</u>	<u>872,001.26</u>
Excess Revenues Over (Under) Expenditures	67,167.48	51,866.29	4,388.50	(13,910.19)	109,512.08
Fund Balances, Beginning of Year	<u>192,868.59</u>	<u>439,615.01</u>	<u>128,816.90</u>	<u>24,820.44</u>	<u>786,120.94</u>
Fund Balances, End of Year	<u>\$ 260,036.07</u>	<u>\$ 491,481.30</u>	<u>\$ 133,205.40</u>	<u>\$ 10,910.25</u>	<u>\$ 895,633.02</u>

***Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund balances of Governmental Funds to the
Statement of Activities***

<i>Net Change in Fund Balances - Total Governmental Funds</i>	109,512.08
<i>Purchases of fixed assets are recorded as expenditures in the fund financial statements but recorded as additions to fixed assets in the government-wide statements</i>	23,900.00
<i>Depreciation is recorded as an expense in the government-wide financial statements but not recorded in the fund financial statements.</i>	(45,886.00)
<i>Debt service is recorded as an expense in the fund statements, but a decrease to a liability in the government-wide statements.</i>	3,989.00
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 91,515.08</u>

The accompanying notes are an integral part of these financial statements.

Town of Maysville
Statement of Net Position - Proprietary Fund - Modified Cash Basis
For the Year Ended June 30, 2022

ASSETS

Current Assets:

Cash - Unrestricted	34,380.20
Cash - Restricted	97,652.67
Investments - Restricted	41,036.85
Total Current Assets	<u>173,069.72</u>

Non-Current Assets:

Capital Assets, Net	2,244,547.96
Total Assets	<u>\$ 2,417,617.68</u>

LIABILITIES

Current Liabilities:

Meter Deposits	41,806.65
Current Portion of Long-Term Debt	15,013.84
Due to Other Funds	18,083.26
Total Current Liabilities	<u>74,903.75</u>

Non-Current Liabilities:

Notes Payable, Net of Current Portion	129,968.37
Total Liabilities	<u>204,872.12</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	2,114,579.59
Restricted	(10,236.02)
Unrestricted	82,378.98
Total Net Position	<u>2,212,745.56</u>
Total Liabilities & Net Position	<u>\$ 2,417,617.68</u>

The accompanying notes are an integral part of these financial statements.

Town of Maysville
Statement of Revenues, Expenses, & Change in Net Position - Proprietary
Fund - Modified Cash Basis
For the Year Ended June 30, 2022

Operating Revenues:	
Water Sales	311,387.25
Sewer Fees	124,834.12
Garbage Fees	120,952.22
Lake	4,466.25
Miscellaneous	10,580.85
Total Operating Revenues	<u>572,220.69</u>
Operating Expenses:	
Water Department	382,883.49
Sewer Department	53,976.29
Garbage Department	82,649.37
Lake & Recreation	4,082.73
Miscellaneous	263,590.92
Total Operating Expenses	<u>787,182.80</u>
Operating Income (Loss)	(214,962.11)
Non-Operating Revenues (Expenses):	
Donations & Grants	111,521.83
Interest Expense	(3,106.16)
Net Non-Operating Revenues (Expenses)	<u>108,415.67</u>
Change in Net Position	(106,546.44)
Net Position, Beginning of Year	<u>2,319,292.00</u>
Net Position, End of Year	<u><u>\$ 2,212,745.56</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Maysville
Statement of Cash Flows - Proprietary Fund - Modified Cash Basis
For the Year Ended June 30, 2022

Cash Flows from Operating Activities:

Cash Received from Customers	\$ 572,220.69
Cash Received from Donations and Grants	111,521.83
Cash Paid to Employees	(285,336.18)
Cash Paid to Suppliers	(385,896.81)
Cash Received from (Paid to) Other Funds	(6,474.26)
Cash Paid for Interest	(3,106.16)
Net Cash Provided by (Used for) Operating Activities	<u>2,929.11</u>

Cash Flows from Capital & Related Financing Activities

Increase (Decrease) in Meter Deposits	(148.49)
Cash Provided by (Used for) Other Financing Activities	1,738.96
Principal Paid on Capital Debt	(14,936.77)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(13,346.30)</u>

Net Increase (Decrease) in Cash and Cash Equivalents

	(10,417.19)
Cash and Cash Equivalents, Beginning of Year	142,450.06
Cash and Cash Equivalents, End of Year	<u><u>\$ 132,032.87</u></u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:

Operating Income (Loss)	(106,546.44)
Cash Paid to (Received from) Other Funds	(6,474.26)
Depreciation Expense	115,949.81
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 2,929.11</u></u>

The accompanying notes are an integral part of these financial statements.

Note 1- Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Town's financial reporting entity includes the primary government (Town of Maysville), and its blended component unit, the Maysville Municipal Authority. This report includes all activities for which the Town of Maysville's Town Council is fiscally responsible. In determining the financial reporting entity, the Town complies with the provisions of Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", as amended by Statement 61 and includes all component units for which the town is financially accountable.

The Town of Masyville, Oklahoma is incorporated under the laws of the State of Oklahoma. The Town's government is comprised of an elected Town Council and Mayor. The Town provides its citizens with public safety, streets and highways, sanitation, social services, culture and recreation, public improvements, utilities, planning and zoning, and general administrative activities.

Blended Component Unit

Blended component units are separate legal entities that meet the GASB 14, as amended by Statement 61, component unit criteria and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. These component units' funds are blended into the Town's by appropriate fund type to comprise part of the primary government presentation.

Maysville Municipal Authority

The Maysville Municipal Authority (MMA) is a public trust created under authority of an pursuant to the provisions of Title 60, Oklahoma Statutes §§ 176-180, for the use and benefit of the Town of Maysville, Oklahoma. The purpose of the trust is to develop, construct, plan, establish, install, enlarge, improve, maintain, equip, operate, control, and regulate utility facilities whether water or sewage types of public and municipal services within or without the corporate boundaries of the Town of Maysville, Oklahoma.

The MMA is empowered to lease, acquire or construct the properties necessary to provide and maintain these services. It is also empowered to obtain funds for these purposes and in so doing, to incur indebtedness whether unsecured or secured by all or any part of the Trust Estate and its revenues. The MMA is also permitted to transfer monies to the Town of Maysville for the use of the Town. The Town Council of the Town of Maysville acts as Trustee of the MMA.

Town of Maysville
Notes to Financial Statements
As of and for the Year Ended June 30, 2022

Note 1- Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Town's financial reporting entity includes the primary government (Town of Maysville), and its blended component unit, the Maysville Municipal Authority. This report includes all activities for which the Town of Maysville's Town Council is fiscally responsible. In determining the financial reporting entity, the Town complies with the provisions of Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", as amended by Statement 61 and includes all component units for which the town is financially accountable.

The Town of Masyville, Oklahoma is incorporated under the laws of the State of Oklahoma. The Town's government is comprised of an elected Town Council and Mayor. The Town provides its citizens with public safety, streets and highways, sanitation, social services, culture and recreation, public improvements, utilities, planning and zoning, and general administrative activities.

Blended Component Unit

Blended component units are separate legal entities that meet the GASB 14, as amended by Statement 61, component unit criteria and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. These component units' funds are blended into the Town's by appropriate fund type to comprise part of the primary government presentation.

Maysville Municipal Authority

The Maysville Municipal Authority (MMA) is a public trust created under authority of an pursuant to the provisions of Title 60, Oklahoma Statutes §§ 176-180, for the use and benefit of the Town of Maysville, Oklahoma. The purpose of the trust is to develop, construct, plan, establish, install, enlarge, improve, maintain, equip, operate, control, and regulate utility facilities whether water or sewage types of public and municipal services within or without the corporate boundaries of the Town of Maysville, Oklahoma.

The MMA is empowered to lease, acquire or construct the properties necessary to provide and maintain these services. It is also empowered to obtain funds for these purposes and in so doing, to incur indebtedness whether unsecured or secured by all or any part of the Trust Estate and its revenues. The MMA is also permitted to transfer monies to the Town of Maysville for the use of the Town. The Town Council of the Town of Maysville acts as Trustee of the MMA.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and license and fine revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized and reported in the financial statements. This relates to the timing of the revenues, expenditures/expenses regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the fund financial statements are presented using a modified cash basis of accounting. This modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- Capital assets and the depreciation of those assets, where applicable
- Long-term debt
- Cash-based interfund receivables and payables

- Investments and other deposits
- Utility deposit liabilities

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of the modified cash basis of accounting, certain assets, capital assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and long-term debt and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Measurement Focus

Governmental Funds

In the Government-Wide financial statements, governmental activities are presented using the economic resources measurement focus with the exception of items discussed in Note 1, Part C, pertaining to the modified cash basis of accounting. Under the economic resources measurement focus, the objective is to determine operating income, changes in net position, net financial position, and cash flows. All assets and liabilities associated with long-term assets and long-term liabilities are measured within the limitations of the modified cash basis of accounting.

In the Governmental funds financial statements, governmental activities are presented using the current financial resources measurement focus. Under the current financial resources measurement focus, only current financial assets and liabilities are generally included on the balance sheets. Operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds that are reported as a major fund:

- Street & Alley Fund
- Cemetery Fund

The reporting entity includes the following special revenue fund that is not reported as a major fund:

- Library Fund

Proprietary Funds

Proprietary funds utilize the economic resources measurement focus, as described above.

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

- Maysville Municipal Authority

D. Financial Position

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, the following are categorized and cash and cash equivalents: all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

INVESTMENTS

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

DUE TO/FROM OTHER GOVERNMENTS

Receivables and payables to other funds or governments arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting. The Town's policy is to eliminate interfund transfers and balances in the statement of activities and net position except for balances owed and amounts transferred between governmental and business-type activities.

CAPITAL ASSETS

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation when appropriate. The accounting treatment of property, plant, and equipment depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented

component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In The government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements other than buildings	20-30 years
Machinery and equipment.....	5-12 years
Vehicles	8-16 years
Infrastructure	25-40 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt items arising from cash transactions or events of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures. The accounting treatment of long-term debt for proprietary funds is the same in the fund financial statement and government-wide statements.

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net position is classified and displayed in three components:

1. Net investments in capital assets. Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted. Consists of restricted assets reduced by liabilities of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted. Net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

Governmental Funds

The difference among assets and liabilities is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable: Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

Restricted: Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Town's highest level of decision-making authority.

Assigned: Amounts constrained by the Town's intent to be used for specific purposes but that are neither restricted nor committed.

Unassigned: The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the Town's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and

unrestricted fund balances are available. It is also the Town's policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

Proprietary Funds

The difference among assets and liabilities of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

E. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUS

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination in the government-wide financial statements. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. Transfers are the flow of assets from one fund to another where repayment is not expected and is reported as transfers in and out. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

G. FUND BALANCE AND NET POSITION

Governmental Fund Balance Classifications

As of June 30, 2022, fund balances of the Governmental Funds were classified as follows:

	General	Cemetery	Street	Library	Total
Nonspendable:					
Permanent Endowment		64,448.00			64,448.00
Restricted for:					
S&A			485,303.28		
Cemetery		31,477.71			
Library				10,910.25	
EMS	42,222.00				
Total Restricted	42,222.00	31,477.71	485,303.28	10,910.25	569,913.24
Assigned for					
Fire	23,552.14				
Court	26,190.86				
Street			6,178.02		
Cemetery		37,279.69			
Total Assigned	49,743.00	37,279.69	6,178.02	-	93,200.71
Unassigned	168,071.07				168,071.07
	\$ 260,036.07	\$ 133,205.40	\$ 491,481.30	\$ 10,910.25	\$895,633.02

H. USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense) accordingly, actual results could differ from those estimates.

Note 2 – DETAIL NOTES – TRANSACTION CLASSES AND ACCOUNTS

A. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The Town is governed by the State Public Deposit Act, which requires that the Town obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government and if held by either counterparty or a counterparty's trust, department or agent but not in the government's name. As of June 30, 2022, the Town was not exposed to custodial credit risk.

Investment Credit Risk – The Town does not have a written investment policy that limits its investment choices other than the limitations states in the *Oklahoma Statutes*. The Oklahoma Statutes allow the Town to invest in: (1) full faith and credit, direct obligations of the U.S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bonds or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district; and government money market funds regulated by the SEC. Public trusts created under Title 60 of the Oklahoma Statutes are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture.

Investment Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer.

B. RESTRICTED ASSETS

The amounts reported as restricted assets consist of cash and investments held for the expenditure of capital improvements and amounts due to depositors related to utility deposits.

C. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2022, was as follows:

Governmental Activities

	June 30, 2021	Additions	Disposals	June 30, 2022
Buildings	290,353.35	-	-	290,353.35
Computers & Software	40,903.06	-	-	40,903.06
Vehicles & Equipment	951,540.35	32,900.00	-	984,440.35
Infrastructure	289,165.31	-	-	289,165.31
Land	50,325.00	-	-	50,325.00
	<u>\$ 1,622,287.07</u>	<u>32,900.00</u>	<u>-</u>	<u>\$ 1,655,187.07</u>

Accumulated Depreciation - Governmental

	June 30, 2021	Additions	Disposals	June 30, 2022
Buildings	222,561.36	2,928.65	-	225,490.01
Computer & Software	14,145.60	3,211.57	-	17,357.17
Equipment	791,634.99	26,612.51	-	818,247.50
Infrastructure	158,613.26	13,133.27	-	171,746.53
	<u>1,186,955.21</u>	<u>45,886.00</u>	<u>-</u>	<u>1,232,841.21</u>
Net Capital Assets - Governmental	<u>\$ 435,331.86</u>			<u>\$ 422,345.86</u>

Proprietary Activities

	June 30, 2021	Additions	Disposals	June 30, 2022
Buildings	419,353.00	-	-	419,353.00
Vehicles & Equipment	1,151,878.64	-	-	1,151,878.64
Sewer System	666,326.50	-	-	666,326.50
Water System	2,367,358.27	-	-	2,367,358.27
	<u>\$ 4,604,916.41</u>	<u>-</u>	<u>-</u>	<u>\$ 4,604,916.41</u>

Accumulated Depreciation - Proprietary

	June 30, 2021	Additions	Disposals	June 30, 2022
Buildings	360,525.22	3,534.53	-	364,059.75
Vehicles & Equipment	900,585.97	33,396.25	-	933,982.22
Sewer System	386,704.65	16,440.90	-	403,145.55
Water System	596,602.80	62,578.13	-	659,180.93
	<u>2,244,418.64</u>	<u>115,949.81</u>	<u>-</u>	<u>2,360,368.45</u>
Net Capital Assets - Proprietary	<u>\$ 2,360,497.77</u>			<u>\$ 2,244,547.96</u>
Net Capital Assets - Total	<u>\$ 2,795,829.63</u>			<u>\$ 2,666,893.82</u>

D. LONG-TERM DEBT

The reporting entity's long-term bonds, notes, and other debt arising from cash transactions or events is segregated between the amounts to be repaid from governmental activities or events and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

As of June 30, 2022, the long-term debt payable from governmental fund resources consisted of the following:

Capital Lease Obligation:

Capital lease obligation with Farmers and Merchant Bank for police vehicle, dated March 31, 2020, with an interest rate of 3.5%, payable in monthly installments of \$316.50, and final payment due in March, 2024:

Balance, June 30, 2021	\$11,302
Principal Payments	<u>3,989</u>
Balance, June 30, 2022	\$ 7,313
Less: Current Portion	<u>(4,132)</u>
Non-Current Portion	\$ 3,181

Interest Paid	\$332
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Amounts required to amortize this obligation are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023	4,132	129
2024	<u>3,181</u>	<u>46</u>
Total	\$ 7,313	\$ 175

BUSINESS-TYPE ACTIVITIES

As of June 30, 2022, the long-term debt payable from proprietary fund resources consisted of the following:

Notes Payable – Direct Placement

Note payable obligation in the original amount of \$162,000 with USDA Rural Development dated April 23, 2021, with an interest rate of 2.25%, payable in 120 monthly installments of \$1,510, and a final payment due April 23, 2031. The collateral pledged is a trash truck. In the event of

default the lender at its option may declare all or any part of any such indebtedness immediately due and payable.

Balance, June 30, 2021	\$ 159,587
Principal Payments	\$ 14,605
Balance, June 30, 2022	\$ 144,982
Less: Current Portion	(15,014)
Non-Current Portion	<u>\$ 129,968</u>
Interest Paid	\$ 3,467

Amounts required to amortize this obligation are as follows:

Fiscal Year	Principal	Interest
2023	15,014	3,129
2024	15,334	2,786
2025	15,685	2,435
2026	16,044	2,076
2027	16,426	1,694
2028-2031	<u>66,479</u>	<u>2,958</u>
Total	<u>\$ 144,982</u>	<u>\$ 15,078</u>

NOTE 4- OTHER NOTES

A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

The Town of Maysville participates in two pension or retirement plans:

1. Oklahoma Firefighters Pension and Retirement System – a statewide cost-sharing plan.
2. Oklahoma Municipal Retirement Fund (OMRF) – a defined contribution plan.

Oklahoma Firefighters Pension – Pursuant to the requirements of 11 O.S. §§ 49-122, the Town is required to contribute \$60 per active volunteer fireman for the year ended June 30, 2022. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

Municipal Retirement Plan

The Town has provided a defined contribution plan and trust known as the Town of Maysville Plan in the form of the Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF). The Plan is administered by OMRF and plan assets are supervised by OMRF. Each employee is required to contribute 3% of his or her compensation to the Plan. The Town Council determines the Town's contribution rate each year; for fiscal year 2022, the employer rate was 3%.

B. SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to the balance sheet date of June 30, 2022, and through July 15, 2023, the date the financial statements were issued, for potential recognition or disclosure in these financial statements.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Maysville, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Maysville, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Maysville, Oklahoma's basic financial statements and have issued our report thereon dated July 15, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Maysville, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Maysville, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Maysville, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Items 2022-1, 2022-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Maysville, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government*

Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items.

Town of Maysville, Oklahoma's Response to Findings

Town of Maysville, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Maysville, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Russell & Williams CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
July 15, 2023

2022-1 – Meter Deposit Liabilities

CONDITION: The MMA has recorded meter deposit liabilities of \$ 41,807, but as of the end of the fiscal year carried a balance of only \$ 29,803 in the meter deposit checking account.

CAUSE OF CONDITION: Unknown

CRITERIA: The MMA should keep enough cash in the designated restricted account to cover the meter deposit liability.

RECOMMENDATION: The MMA should transfer cash from its operating account into the meter deposit account so that the cash balance in that account is at least as much as the liability.

2022-2 – Deposit Accounts

CONDITION: The Town and MMA are keeping an excessive number of deposit accounts that are either carrying low balances or for which any restricted uses are unapparent.

CAUSE OF CONDITION: The condition was likely caused by the Town using separate bank accounts to attempt to track restricted items instead of properly accounting for those items through the general ledger.

CRITERIA: At times, it is necessary and useful to open separate deposit accounts to track specific restricted items (e.g., a Water/Meter Deposit account.) However, when this practice becomes more widespread and results in an entity of the size of the Town of Maysville opening in excess of 20 deposit accounts, it can lead to difficulties tracking transactions; in essence, this is an internal control issue that can lead to misstatements of the financial statements.

RECOMMENDATION: The Town and MMA should consider closing all accounts except for the following:

- Town of Maysville ending in 0231
- Street & Alley Fund ending in 0382
- Maysville Library ending in 5399
- Court Municipal Fund ending in 0388
- Cemetery Operating Fund ending in 0385
- Maysville Cemetery Perpetual Care ending in 0383
- Cemetery Capital Improvement ending in 606
- Maysville Street Improvement ending in 5398
- MMA Revenue Fund ending in 0387
- MMA Water Deposit ending in 0393

If accounts to be closed are board-designated for specific uses, the board should authorize the account closures. In the future, the board should heavily scrutinize the reasons for opening new checking accounts, and consider whether the restricted cash can flow through the existing accounts, with restricted amounts being carefully accounted for through the general ledger rather than through opening a separate deposit account.